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U.S. Livestock in the Export Market

Mexico Gets CCC-Financed Cattle

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In this issue:

2 Past and Prospects: U.S. Livestock in Export Markets By Claude E. Dobbins

4 Austrian Action on Import Duties
New Sugar Agreement Drawn Up

5 Spindle Count Rising in the Philippine Islands' Textile Industry

5 Dutch View the Butter Mountain

6 Drought Harms Senegal's Cotton
German Grain Storage Problem
Spain Cans More Deciduous Fruit

7 Turkey Promotes Consumption of Filberts By Yusuf Z. Durusoy

8 Tanzania Receives IDA Loan for Livestock Development

9 Seven Crops Record Substantial Gains in Pakistan
Brazil's Corn Exports Climb
Australian Fertilizer Transport

10 Mexicans Get CCC-Financed Cattle

11 U.S. Food Industry Woos Europe's Tastes at Paris
Middle East's Buyers Meet U.S. Foods at Beirut

12 Crops and Markets Shorts

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Past and Prospects: U.S. Livestock In Export Markets

By CLAUDE E. DOBBINS
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Foreign Agricultural Service

Producers in more than four-fifths of our States are now exporting beef and dairy breeding cattle to markets ranging from the rugged grasslands of southern Chile to the hilly pastures of Portugal. Although breeding cattle are the biggest item in U.S. livestock exports, American farmers are also shipping out some $8 million in sheep, lambs, hogs, and horses, bringing nearly every State into the export picture.

In all, exports of livestock more than doubled between 1960 and 1967. For calendar year 1967 they totaled $23.8 million, compared with $11.6 million in 1960. The majority of this increase has been in shipments of breeding cattle, valued at $15.4 million in 1967 against $9.1 million at the beginning of the decade. Exports of sheep and lambs rose from $0.7 million to $1.6 million; of hogs, from $500,000 to $1 million; and of horses—primarily race and saddle horses—from $1.4 million to $5.4 million. Foreign countries are expressing increasing interest in quality U.S. horses; the U.S. quarterhorse is becoming popular in many Central and South American countries, and inquiries are also coming in from Italy and Spain.

Exports of beef and dairy breeding cattle together rose 69 percent between 1960 and 1967. Based on official veterinarian certificates for export, shipments of dairy breeding cattle totaled 18,207 head valued at $8.7 million last year, some 50 percent in volume above the 1960 level of 12,136 head valued at $4.1 million. This was, however, a decline from the all time high of 23,515 head in 1966. On the same basis, exports of beef breeding cattle last year totaled 17,320 head valued at $6.7 million against 14,534 valued at $5 million in 1960. Last year's shipments were 24 percent above the 1966 level and a new record.

Mexico is the United States biggest market for both beef and dairy breeding cattle; Venezuela and Canada also rank high.

The dairy breeding cattle were exported to 31 countries last year. Mexico topped the list, taking 11,099 head. Italy was second with 1,446 head. Venezuela ranked third with 1,235 head and Canada fourth with 1,074. Holstein-Friesian was

the most popular breed, at 15,967 head, followed by Brown Swiss, 1,090; Jersey, 518; Guernsey, 478; and Ayrshire, 154. These cattle came from 44 States led by California, Wisconsin, Minnesota, Texas, Indiana, and New York, in that order.

The beef breeding cattle went to 32 countries, including 109 head of Santa Gertrudis to the USSR. As in the case of dairy cattle, Mexico was the leading market, taking 6,061 head. Next was Venezuela, with 3,411 head, followed by Canada with 2,549. Herefords led among the breeds exported, at 5,079 head; second was Brahman at 2,576; third, Santa Gertrudis at 1,920; fourth, Angus at 1,691; and fifth, Charolais at 1,240. Exports of other breeds totaled 4,814 head. Forty-two States were involved, topped by Texas, Florida, and Arizona.

The growth in U.S. livestock exports—particularly beef and dairy breeding stock—has resulted primarily from market development efforts by the various breed associations, State governments, and the Foreign Agricultural Service.

Market development efforts for U.S. livestock really got off the ground in 1960 when some breed association officials inquired about cooperative promotion with FAS. Their initial interest was in producing promotional films with foreign-language soundtracks to stimulate interest in U.S. breeding stock abroad; they also requested assistance in planning and carrying out marketing trips to foreign countries. The number of associations interested in cooperative promotion multiplied. At first, agreements were signed for short-term projects, perhaps just a few months. Later, longer term projects—2 or 3 years—were developed. Today, FAS has cooperator agreements with one dairy and five beef breed associations and works with at least 30 other livestock associations on occasion.

Among the FAS-livestock association projects are purchasing missions, marketing teams, films, and promotional literature.

These projects have taken a number of forms. American judges of beef and dairy cattle have been sent to Central and South American livestock shows. Purchase missions—especially from Central and South America—have been brought to the United States to study the methods of the livestock industry and the merits of American breeding cattle. Similarly, American livestock technicians have gone abroad to discuss livestock production and marketing in the United States at special seminars and symposiums, and marketing teams have gone to Central and South America to explain the availability and merits of U.S. breeding cattle to breed associations, government officials, and livestock producers. Foreign-language films and promotional literature have been important in all these efforts.

The breed associations also cooperate with FAS in setting up livestock promotion booths at international trade fairs. Live animals are transported to the fairs directly from the United States or, in a few cases, from local farms producing inspected U.S. cattle, and are exhibited to familiarize local producers with their quality. In the current decade, U.S. breeding cattle have been exhibited at the Mexican National Livestock Show, the Queretaro Dairy Show in Mexico, the Central American Livestock Show, the Verona and Cremona shows in Italy, and at livestock and agricultural trade shows in Peru, Portugal, Spain, and Japan.

A few years after it began working with breed associations, FAS started to cooperate with State Departments of Agriculture, or Divisions of Markets as they are sometimes called. This program—less formal than the programs carried out with the breed associations—began in 1964 when several States were instrumental in putting together and exporting the first shipment of U.S. feeder cattle to Europe in 50 years (see *Foreign Agriculture*, July 27, 1964). This struck up a partnership that has deepened so that either party in need of assistance can contact the other.

In 1966 FAS held a Marketing Short Course for members of State Departments of Agriculture to explain what was being done in market development and how the States could fit into the overall program.

Largely as a result of market promotion, U.S. livestock is now recognized throughout the world for its excellent quality.

All these market development efforts have brought increased recognition to the U.S. livestock industry and its products and have resulted in larger exports of higher priced, better quality breeding animals. Many countries have increased their takings substantially, and some have joined the ranks of importers for the first time.

Prime examples of expanded markets are Peru, Venezuela, Italy, and Portugal. Historically an importer of U.S. dairy cattle, Peru recently bought over 800 head of crossbred beef breeding heifers for use in some of its more arid areas. Venezuela, a good market for both beef and dairy cattle—usually purebred—placed an order recently for 10,000 head of crossbred beef breeding heifers. Seven thousand head have already been delivered, and the remainder will arrive in 1969. In the 3 years 1965-67 Italy bought over 8,800 head of Holstein breeding cattle, and in 1966 alone Portugal took 1,830 head of breeding Herefords. The latter purchase resulted from visits to Portugal by American marketing specialists, breed association officials, and cattle technicians and a complementary visit to the United States by Portuguese Government officials.

An outstanding example of a new market that has opened up as a result of person-to-person market development efforts is Chile. Following the visit of an American beef cattle marketing team, Chile negotiated for the purchase of 5,150 head of Polled Herefords. Some 3,540 were delivered, after which the remainder of the order was canceled in favor of a new agreement for 7,000 head. This makes a total of over 10,000 head of U.S. breeding cattle moving to Chile in a 2-year period. (See *Foreign Agriculture*, June 3, 1968, for details on the initial sale to Chile.)

Other countries that have expressed interest in importing U.S. beef and dairy breeding cattle include France, Switzerland, and Spain. In addition, several Italians have inquired about beef breeding cattle.

Despite the healthy showing of U.S. livestock exports in the current decade, exporters are constantly encountering one problem or another—problems that require continuing atten-

tion. Foremost among these are the health requirements of foreign importing countries, credit, and transportation.

Health-certificate requirements for imported cattle vary from country to country. The major obstacle that U.S. cattle face is in meeting certain foreign requirements for Blue Tongue disease, once thought to occur only in sheep but now known to affect cattle as well.

Australia and New Zealand ban completely the importation of U.S. cattle because of this disease. Some other countries require that the cattle come from areas that have had no outbreaks of the disease for 3 months and sometimes even a year. With no compulsory reporting program for Blue Tongue, the U.S. Department of Agriculture cannot certify that the cattle came from a disease-free area.

Exports to Italy are now halted because of health regulations, which include Blue Tongue. Argentina once banned the importation of U.S. cattle because of Blue Tongue but lifted the ban in late 1966. Brazil will admit U.S. cattle but requires that each animal be tested with negative results before importation.

A combination of research and negotiation is the USDA and livestock industry's answer to meeting foreign health requirements.

In an effort to cooperate with foreign governments on health-certificate problems, the U.S. Department of Agriculture sends veterinarians abroad to discuss the issue with agricultural officials and brings foreign veterinarians here for consultation with USDA regulatory authorities. Research to combat the diseases that cause the difficulty is advancing and some diseases—like tuberculosis and brucellosis—are being eradicated continually. The need for additional research to fight Blue Tongue is apparent, as evidenced by the loss of cattle exports to Italy, Australia, and New Zealand.

Financing is another major factor in livestock exports, as many foreign buyers are in need of long- or medium-term credit.

Recently, Commodity Credit Corporation (CCC) credit was made available for exports of beef and dairy cattle. The CCC loans are for a maximum of 3 years. The U.S. exporter can apply to CCC's Washington office so long as he has a qualified or certified foreign importer and either a U.S.- or foreign-bank guarantee. Much interest in the use of this type of credit has been expressed in both the United States and in foreign importing countries, and several applications have been received. The first approval has just been issued for shipment of 402 head of Holsteins from Texas to Mexico (see page 10).

Exporters and importers of livestock can also get credit from a number of other U.S. and international sources. In the United States these include the Export-Import Bank, commercial banks, the Agency for International Development, and private export merchants. Among the international sources of credit are the World Bank Group (World Bank, International Finance Corporation, and International Development Association) and the Inter-American Development Bank. For complete information on the kinds and terms of credit these groups extend, see *Financing Livestock Exports*, FAS-M 190, August 1967. Copies are available from FAS, Room 5918, USDA, Washington, D.C. 20250.

Transportation of large shipments of livestock to foreign destinations is no longer necessarily a question of obtaining a cattle ship. Traders have begun to look into air transportation and find that in some cases the cost is nearly as low as for surface shipping, partly because more aircraft seem to be becoming available for hauling freight to foreign countries.

Another new development—tested commercially and showing promise—is the shipment of cattle in cargo containers carried on the decks of ships. This method is in limited use on the U.S. west coast. Efforts to bring it to the east coast are still in the talking stage, with a number of problems still to be ironed out. A shipment of American and Canadian cattle moved to Japan recently in cargo containers, arriving speedily, at reasonable cost, and in good condition. For details, see *Foreign Agriculture*, November 4, 1968.

Austrian Action on Import Duties

The Austrian Government will remove its licensing fee on imports of oilseed cake and meal but will not waive its duty on turkeys during the holiday season as it has in the past.

Because a number of procedural steps are required, the fee on oilseed cake and meal—equivalent to an import duty of 18 percent ad valorem—may not actually be lifted until January. The agreement to remove the fee culminates several months of discussion between the United States and Austria following imposition of the fee in July. In the October-June period of the 1967-68 marketing year, U.S. exports of cake and meal to Austria totaled 5,786 short tons.

The decision not to suspend the 2.6-cent-per-pound duty on turkey during October-December reportedly came in response to pressures from Austria's domestic producers. In 1966 and 1967, Austria did suspend this duty to facilitate importation of turkey meat for the Christmas and New Year holidays, with the provision that the saving be passed on to the consumer. In those years 85-95 percent of the country's turkey meat imports entered in the last quarter of the year. The U.S. share of Austria's turkey imports, 250-300 metric tons annually, represents approximately 40-50 percent of the total.

New Sugar Agreement Drawn Up

The UNCTAD Negotiating Conference for a new International Sugar Agreement, reached an accord and concluded its monthlong session on October 23. A target date of January 1, 1969, has been set for the Agreement to become effective, dependent upon ratification by 50 percent of the exporting countries and 60 percent of the importing countries. The framework of the 1958 International Sugar Agreement, whose quota and price provisions have not been in effect since 1961, was maintained.

The new Agreement establishes an export quota of 8.6 million metric tons for the "world market." This represents about half of total world trade; the other half moves under preferential arrangements. A minimum price of 3.25 cents per pound (f.o.b. Caribbean port basis) was established, and the maximum price was set at 5.25 cents per pound. Sugar imported into the United States under the United States Sugar Act is not subject to the new Agreement.

Spindle count rising in

The Philippine Islands Textile Industry

Textile production in the Philippines today absorbs one-third of total investment in the Islands and continues to expand. However, this dominance is a recent development. The textile industry sprang up on a large scale in the Philippines after World War II, but soon began a decline that lasted until the present administration—seeing in the industry both a source of jobs and foreign exchange—intervened.

Largely because of the measures that have been taken by the Marcos government, the Philippine textile industry has made significant progress over the past few years. Indicative of the support being given to textile producers is the landmark Textile Industry Act of 1964. This law totally exempted imports of textile raw materials (except cotton, already duty-free) from customs and taxes until 1967. Partial exemptions were granted through 1970, and there are now reports of government hearings to consider an extension of this time period. Programs to curtail imports of finished fabrics and provide financial backing to cotton mills have also advanced the current revitalization of textiles in the Philippines.

The success of the steps taken to boost textile production can already be seen. The number of all spindles increased from 585,000 to 683,000 between 1964 and 1966. And from fiscal 1965 to 1969, mill consumption of textile fibers increased from about 32,000 tons to an estimated 55,000.

A decided upswing in trade has accompanied the increase in textile production. In 1967 the United States imported 34.5 million square yards of cotton textiles and 11.5 million of manmade fiber textiles for a total textile figure of 46.0 million square yards of textile items. The United States is the largest outlet for Philippine textiles, but the Filipinos are looking for others in Africa and Southeast Asia, including Indonesia. President Marcos told a press conference recently that the Philippine Islands is currently flooded with domestically produced textiles. For example, between 1963 and 1967 the production of cotton piece goods alone advanced from 145.6 million square yards to 177.2.

On the input side of the industry, the Philippine textile boom has increased the market for U.S. cotton, whose share of Philippine cotton imports has climbed lately—from 65 percent of total imports in 1965-66 to 75 percent in 1967-68. Forty-six thousand bales of the 131,000 imported from the United States in 1967-68, however, represented shipments under Public Law 480, and commercial sales dropped 35 percent from those of the preceding year.

Total Philippine cotton imports during the 1967-68 marketing year fell an estimated 7.5 percent below the record 188,000 bales imported in 1966-67, but were still well above the import figure for 1956-66 and previous years. Forecasts for 1968-69 show a 5-percent increase to 186,000 bales.

As in the past, cotton is by far the most important raw material used in the Philippine textile production. Its position, however, is being eroded by the increasing trend to manmade fibers. A breakdown of 1967-68 consumption shows a 4-percent advance for cotton to 168,700 bales and a gain of 15 percent for manmades over the 28.7 million pounds consumed the previous year. Fabrics produced from manmades and their blends accounted for 73 percent of total output in 1967. However, it is worth noting that, despite a shift to manmades, they hold just over a quarter of total fiber supplies for spinning companies.

Total mill output is forecast to rise 6 percent during the present marketing year, with practically all of the increased demand met by manmade fibers and with cotton consumption remaining at the 1967-68 level. The continuing growth in use of manmades is partly attributed to the lower costs, compared with cotton, of rayon from Japan, but there is increasing demand for the higher-priced manmade fibers.

To date, there has been no domestic production of cotton fiber or manmades in the Philippines. But plants for the production of manmades are expected to begin operation in the next year or so, giving cotton still greater competition.

—Based on dispatch from FRED W. TRAEGER
U.S. Agricultural Attaché, Manila

Dutch View the Butter Mountain

Recent discussion on the dairy overproduction problem in the Netherlands indicates that the Dutch, unlike some other EEC members, are more inclined to cope with the problems of surplus on a long-term basis through structural reorganization, rather than through short-term regulations like production-quota systems or the reduction of milk prices. No official Dutch viewpoint has as yet been formulated, but at the recent annual meeting of the Federation of Dutch Dairy Cooperatives, representing producers of almost 84 percent of total fluid milk deliveries, certain conclusions were reached regarding the desirable approach toward a solution to the surplus problem.

The following steps were considered desirable. The butter "mountain" should be reduced by making cheap butter available to special groups at home and abroad not presently consuming butter. After this initial reduction of the surplus, the supplies could be further reduced through price-discriminatory sales within the Common Market. Consideration should be given to increasing consumer prices to the target price by imposing a levy on all milk used in the manufacture of dairy products. A study should be made on the impact of levies on imported protein compound feedstuffs. A structural policy should be set up that is aimed at voluntary discontinuation of operation by dairy farmers and a reduction of the total number of dairy cows.

Producers were equally positive about measures which should not be utilized. Three measures which should not be used: (1) Reducing the price of milk to the farmer should not be considered as a means of eliminating the discrepancy between dairy production and consumption. This would further reduce the already low income of the dairy farmer. (2) Nor is reducing consumer dairy prices, while maintaining current prices to farmers, a desirable solution. This would put a too heavy drain on public funds and necessitate the introduction of systems which may overburden the existing EEC apparatus. (3) A system of production quotas for milk production is neither desirable nor practicable and should not be considered as an answer to the surplus problem.

—Based on dispatch from BRICE K. MEEKER
U.S. Agricultural Attaché, The Hague

Drought Harms Senegal's Cotton

The recent drought in Senegal has cut prospects for the 1968-69 cotton crop considerably. However, Senegal's program to expand its cotton industry has progressed enough in recent years so that one slow year need not keep the country from reaching its stated goal: self-sufficiency in cotton fiber and cloth by 1973.

The dry weather at the beginning of the traditional rainy season in 1968 has been particularly unfavorable to cotton production. Late, irregular rains caused delays in preparing fields for planting. In Sénégal-Oriental, only 12 percent of the seeding was completed by the end of June, compared with 48 percent a year earlier. Some cotton had to be reseeded two or three times, and, unless the rainfall returns to a normal pattern, it is believed that 1968-69 cotton output will not match that of last year.

The 1967-68 cotton harvest brought Senegal well ahead of planned production. Area planted to cotton had been set at 7,000 acres, but reached over 7,600. Yields were much higher than had been expected, and production was nearly 6,400 bales (480 lb. net), of which about 6,000 bales were marketed in Senegal.

The present intensive cotton program began in 1963 under a French aid grant. Since then the Common Market's European Development Fund has taken over the financing and—with the help of investment by the Senegalese Government—should bring over 30,000 acres of cotton into production by 1973. Annual output at that time is expected to reach 19,000 bales of seed cotton—an amount sufficient to meet domestic demand. The four projects currently in operation are under French supervision, but Senegalese are being trained to take complete charge by the end of the project period. As an incentive, treated seeds are being given to growers, and fertilizers and insecticides are provided at half price.

Currently under construction is a new $365,000 cotton gin with a 10,700-bale capacity at Tambacounda. The one gin now operating can handle only 3,000 tons and is obviously inadequate to cope with present needs. In addition, the three companies presently dominating Senegal's small textile industry are building a new textile complex at Thies, which is expected to be in operation by the end of the year. The new factory, Société Textile Sénégalaise, will cost about $4.9 million, and be able to produce 10 million meters of cloth yearly.

—Based on dispatch from GERALD W. SHELDEN
U.S. Agricultural Attaché, Monrovia

German Grain Storage Problem

West Germany's 1968 grain crop of 18.3 million metric tons exceeded last year's record high and is now complicating an already severe storage problem.

Under the "Green Plan" storage capacity has been considerably expanded in recent years. Storage capacity was considered adequate for two large crops in a row. However, this year three factors combined to cause a lack of adequate storage facilities.

The grain in central and southern Germany was harvested under unfavorable weather conditions, which resulted in large quantities of sprouted grain with high moisture content. Farmers, lacking sufficient drying facilities, sold grains they might normally have kept. Also, rumors concerning a possible revaluation of the deutsche mark encouraged sales during harvest. (An increase in the value of the mark would automatically have resulted in a corresponding reduction of the German grain price level.) Finally, the large-scale use of combines sped delivery to the market and takeover by the German Import and Storage Agency, which is bound by law to take all grain offered at intervention prices.

For the first time the Import and Storage Agency has had to beg farmers to store their grain on the farm until the present tight storage situation eases. Meanwhile, they have tried to enter into contracts with anyone having storage facilities. They have rented barges in Bavaria for 120,000 tons and are trying to rent space in nearby countries.

The extent of the situation's impact on the U.S. grain trade is not known. The Import and Storage Agency not only maintains stocks of domestic but also of imported grain for supply and quality reasons and for emergency use. In its desperate need for more storage space the Agency, according to trade sources, will try to sell imported grain now in stocks at attractive prices to make space for new crop domestic grain. Such an action would not only slow government purchases of imported grain but also commercial imports. Another problem possibly arising for U.S. grain is the pesticide guarantee which has been requested by the Import and Storage Agency for recent grain tenders.

—Based on dispatch from PAUL G. MINNEMAN
U.S. Agricultural Attaché, Bonn

Spain Cans More Deciduous Fruit

The Spanish 1968-69 pack of canned deciduous fruits in sirup will be approximately 3.7 million cases, according to official and trade indications. This would be 11 percent above the estimated 1967-68 pack of 3.4 million cases and 14 percent above the 1962-66 average. Exports of canned deciduous fruits in 1968-69 are expected to exceed the 1967-68 total now estimated at 1.4 million cases.

The 1968 crop of fresh deciduous fruits has been substantially larger than the crops of 1967 and 1966, particularly apricot and peach production. These two fruits account for 85 to 90 percent of all deciduous fruits processed in Spain.

Generally speaking, the quality of Spain's 1968 fruit is good, although drought conditions in the southeastern part of the country have reportedly reduced the size of peaches and some other fruits. Cannery yields are reported to be those of a normal fruit year, higher than those of last season.

In the 1967-68 season just ended, canned deciduous fruit exports are estimated at 1.4 million cases—a 51-percent increase over the 1966-67 total of 927,000 cases and 9 percent above the 1962-66 average. Principal export destinations were the United Kingdom, West Germany, and Belgium.

—Based on dispatch from DOUGLAS M. CRAWFORD
U.S. Agricultural Attaché, Madrid

SPANISH PACK OF CANNED FRUITS IN SIRUP

Fruit	Average 1962-66	1966	1967	Estimate 1968
	1,000 cases[1]	*1,000 cases*[1]	*1,000 cases*[1]	*1,000 cases*[1]
Apricots	1,041	1,301	1,258	1,930
Peaches	1,051	1,320	1,294	1,370
Other	309	343	862	440
Total	2,401	2,964	3,414	3,740

[1] Cases of 24 No. 2½s.

Above, team of official crop estimators judges probable yield of filbert orchard owned by farmer at left. Most of the filbert plantings in Turkey are on hilly land, usually opened up from the forest area. Filberts are picked by hand and shelled in small plants such as the one at right.

Turkey Promotes Consumption of Filberts

By YUSUF Z. DURUSOY
Agricultural Analyst
Office of U.S. Agricultural Attaché, Ankara

Of Turkey's agricultural export crops—which are its main source of foreign exchange—filberts are the third most valuable, ranking below only cotton and tobacco. Turkey is the world's leading filbert supplier; it grows more than 60 percent of the world's total, and 85 percent of this production is exported.

In the past 15 years total world production of filberts (also called hazelnuts) has risen by two-thirds; consumption has not increased at the same rate. The resulting increase in Turkish filbert stocks in recent years has led the country's policy makers to take measures to increase world consumption. Unless such measures are successful, Turkey and other major producing countries will have to limit production.

During the past 20 years, Turkish filbert exports have increased almost continuously, in both quantity and value, reaching over 145,000 metric tons (in shell) in 1967 and a value of about $84.3 million.

Turkish filbert production

Turkish filberts are believed to be some of the best in the world. One reason is that their oil content is high, ranging from 45 to 69 percent. The high oil content gives the nut a better flavor and makes it easier to remove the pellicle (skin around the kernel) after a short period of roasting. Over four-fifths of the filberts produced are round varieties, which have the highest oil content (66 to 69 percent) and are best for shelling and most uses. Pointed and almond-shaped varieties are also grown.

The main filbert-producing area lies in the northeast part of the country on the eastern Black Sea coast. The area extends from Unye on the west almost to the Russian border. Temperatures in this area vary from 20° to 90° F., and rainfall ranges from 25 to 100 inches per year. Filbert plantings continue to increase in number. In recent years, the producing area has extended southward to the northwest provinces of Anatolia.

Filbert production is a family type of farming and involves a great number of farmers. The plantings are mostly in hilly, and often, rocky, country. Because the regular spacing of plantings necessary for mechanical farming is impossible, most of the work is done by hand. Turkish filberts grow on bushes, rather than on trees as in the United States, and, in general from two to three times more plants are grown per acre than in the United States.

Generally, the filbert bushes have 4 or 5 stalks per hill. As individual stalks become too old for good production—in 15 to 30 years—they are removed, and nearby young shoots are retained as replacements. The nuts are picked by hand, rather than shaken to the ground as they are commonly harvested in European countries.

The legal date on which filbert picking can begin is determined by each local authority. Proper timing of the harvest is important because picking too green results in loss and poor quality, and picking too late increases the possibility of rain damage.

Marketing at home and abroad

Filberts are marketed through one of the better organized agricultural marketing systems in Turkey. Most of the crop is sold through the Union of Filbert Marketing Cooperatives (FISKOBIRLIK), which has 26 cooperative members that represent about 70,000 member producers.

Filberts are one of several crops for which the Turkish Government carries out price-stabilizing activities. During the past two decades the government has supported filbert prices through the marketing cooperatives. The cooperatives purchase filberts at determined base prices from both members and nonmembers, the members receiving higher prices.

This system protects the growers and encourages production; it provides a ready market for growers who cannot get a good price in the free market. The weak point of the system is that it does not encourage growers to reduce production cost—a handicap in competing with other filbert-exporting countries for foreign markets.

All filbert exporters are members of either the Union of

WORLD FILBERT PRODUCTION, 1950-68
[Unshelled basis]

Year	Production in—				Total [1]	Turkey's share of total
	Turkey	Italy	Spain	U.S.		
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	Percent
1950	19	40	16	6	81	23
1951	83	30	11	6	130	64
1952	61	14	9	11	95	64
1953	46	35	20	4	105	44
1954	123	21	7	8	159	77
1955	52	45	11	7	115	45
1956	130	28	16	3	177	73
1957	73	34	22	11	140	52
1958	100	34	13	7	154	65
1959	90	43	15	9	157	57
1960	59	35	18	8	120	49
1961	76	50	11	11	148	51
1962	100	40	12	7	159	63
1963	91	55	20	6	172	53
1964	160	30	16	7	213	75
1965	68	58	21	7	154	44
1966 [2]	190	63	16	11	280	68
1967	70	54	16	7	147	48
1968 [3]	140	66	18	9	233	60

[1] Production in minor producing countries—USSR, Iran, China, Romania, and France not included; filberts grown in these countries are all consumed locally. [2] Revised. [3] Forecast.

Black Sea Filbert Exporters in Giresun or the Union of Istanbul Filbert Exporters. The bulk of the exports are marketed through FISKOBIRLIK. Most filberts are exported in shelled form. Generally, the filberts are shelled in small plants, just before shipping time.

Major importers of Turkish filberts are West Germany, the United Kingdom, Switzerland, the USSR, France, and the United States. In the past several years, West Germany has consistently taken about half of the total, Switzerland's share has dropped from almost 20 percent to about 2 percent, and the USSR has changed from a nonimporter to a customer for almost 15 percent of the total. The sharp rise in exports to the USSR has resulted from bilateral trade agreements with that country.

Stimulating exports

The government is trying to retain its place in foreign filbert trade by maintaining and improving quality. Filberts to be marketed abroad are inspected by the government, the bags sealed, and a certificate of quality issued to accompany the other export documents.

In 1937, the first "Regulation Governing the Control of Filbert Exports" was established, to be implemented and enforced by export inspectors of the Ministry of Commerce. The regulation was amended in 1940 and 1964, then replaced in 1965 by a new "Filbert Standard," prepared by the Turkish Standards Institute.

As a first step in increasing world filbert consumption through foreign market promotion, the Turkish Government signed an agreement with Oregon (U.S.) filbert producers to promote filbert consumption in the United States. Also, preparations are underway to export roasted filberts in small packages. As an entry vehicle to new markets, Turkey is offering slight price reductions on its filberts.

Because in most countries other than Turkey, the chocolate industry is the main user of filberts, Turkish export promoters are looking into the possibilities of introducing into other countries the many other ways of consuming filberts common in Turkey. In Turkey, filberts are eaten fresh during the harvest season and as tidbits in dried form the year round. They are also used in the manufacture of ice cream and candy. Low-grade filberts are sometimes crushed for oil.

Tanzania Receives IDA Loan for Livestock Development

A credit of $1.3 million from the International Development Association (IDA) will assist the first stage of a livestock program intended to diversify Tanzania's agricultural production, which is the mainstay of its economy. The funds will be used to develop five large ranches encompassing 420,000 acres to increase the output of beef and expand the production of breeding stock.

Three of the ranches are already established and two will be new. All will be developed by the National Agricultural Co. Ltd., a subsidiary of the National Development Corporation, which was set up by the government to develop certain sectors of the economy along commercial lines. Financing will be made available for such investments as those in on-ranch roads, firebreaks, fencing, water supplies, stock-handling and animal-health-control facilities, ranch buildings, breeding stock, and the initial procurement of feeder steers for fattening; it will also be available for technical services and a training program for ranch management. The IDA credit will finance 65 percent of the total estimated cost of $2 million.

The program to be undertaken on the ranches will increase the output of beef for local consumption and export and reduce imports of breeding stock. Additional benefits will come from the demonstration of better management practices, improved production and disease-control techniques, and the practical training of ranch managers and field assistants.

Agriculture provides a livelihood for 90 percent of Tanzania's 12 million people, most of whom live at subsistence levels. Cotton, sisal, and coffee are the principal exports, with cattle and livestock products accounting for only 3 to 4 percent of the total. In face of uncertain prices for the main export crops, the country considers diversification toward beef most important to its economy.

Like neighboring Kenya and Uganda to which IDA also recently extended credits for livestock production, Tanzania has extensive rangelands and a favorable climate for cattle raising. Most of its national herd of some 10 million head of cattle are in the traditional sector where the size of an owner's herd is considered more important than its quality; less than 3 percent of production from this source is marketed annually.

Potentially there is much scope for increasing these sales and even more for raising the average weight of slaughter cattle. Fattened stock brings a considerably higher price per pound in the market; therefore fattening is a profitable enterprise as well as a means of quickly increasing beef output. One of the ranches to be developed is expected to be used for fattening only and the other four for combined breeding and fattening operations.

Seven Crops Record Substantial Gains in Pakistan

Expanded acreages and a year of favorable weather led to abundant returns on the foodgrain and oilseed crops harvested in Pakistan in 1968.

Increased inputs, large plantings of high-yielding seed, and good weather combined to provide West Pakistan with an exceptional wheat crop. Wheat procurement of the record 6.3-million-ton crop has been successful for the first time in recent years. Imports have recently been reduced, and there is feeling that self-sufficiency in foodgrains is within reach.

However, there is little possibility of further increase next year, and the government has cut imports so that the total wheat supplies available for fiscal 1969 may not be much greater than before. In fact, it will probably be difficult to even maintain the large increase achieved this year. This is because the expanded production was due largely to the advance from low yields to medium yields—rather than to increases in acreage planted. Raising yields further would require another big influx of inputs, which Pakistan cannot afford, and another year of unusually favorable weather.

Storage of the current crop is a problem, but not as great as might be expected. The rural areas of West Pakistan are consuming more, and there has been more home storage because of the shortages felt at the end of each of the last two seasons.

During the past year (1967-68) wheat imports reached a record 2.1 million tons, almost all shipped under P.L. 480 auspices. The U.S. share of Pakistan's total agricultural imports amounted to $162.4 million during 1967.

Milled rice, at 12.7 million metric tons, showed a 15.8-percent advance over 1966-67 from acreage that was enlarged 8 percent to 28 million acres. (About 87 percent of the rice crop acreage is located in East Pakistan.) Expansion in rice acreage, increased use of improved seed and fertilizer, and favorable weather are given credit for the gain in production.

Barley acreage was 490,000 acres, 7.5 percent above the corresponding estimate of 456,000 acres during 1966-67. Production was set at 124,000 metric tons, up from 103,600 the previous year.

An acreage increase of 51.2 percent was registered for peanuts in Pakistan. From the 189,000 acres planted, a crop of 113,000 metric tons was harvested. This marked an advance over 1966-67 of 60.7 percent. The final official estimate for rapeseed acreage was 1.87 million acres, up 15.2 percent over the previous year. Production, at 396,000 metric tons, showed an even greater gain—up 29 percent. Favorable weather as well as the increased acreage was responsible. According to the final official estimate, Pakistan produced 39,000 metric tons of sesameseed from 207,560 acres during 1967-68. Acreage and production increased 4.3 and 14.9 percent, respectively, over 1966-67. An estimated 95,000 metric tons of coconuts, grown only in East Pakistan, was harvested. This is a gain of 2.4 percent over last year from acreage that increased from 56,700 acres to 60,500.

Brazil's Corn Exports Climb

Brazil's corn exports this year are heading toward a new record, which may be in excess of 1.2 million metric tons. Through September, nearly 850,000 tons had already been loaded, and another 140,000 were being loaded. A further 200,000-300,000 will move out in the final quarter if the present export rate continues.

One reason behind the heavy rate was the two-time devaluation of the cruzeiro. These devaluations—which occurred on August 27 and September 23—dropped the value of the cruzeiro by nearly 15 percent, making Brazilian corn prices more attractive in world markets.

Another reason for the gain was a 40-percent reduction in the merchandise circulation tax (ICM) on corn destined for export. This made the tax much lower on export corn than on corn used locally and sparked a heavy diversion of supplies into export.

So great was the drain that the manager of one Rio de Janeiro mixed-feed cooperative reported increased prices had made it impossible to purchase corn produced in the States of Paraná and São Paulo. He said the cost of a 60-kilogram bag of corn rose from NCr$9.6 to NCr$11.0 in a single week, which made the retail price of poultry as high as that for beef. In view of such a situation, the mixed-feed plants have had to delay further corn purchases until the new harvest brings prices down. Also contributing to the supply problems are the high cost—one-third of the total corn price—of trucking corn from Western Paraná to Rio de Janeiro and the lack of corn storage facilities in consumption areas of the country.

In the meantime, the Brazilian corn is moving to European markets, with Italy the largest purchaser. Last year, Brazil shipped out about 430,000 tons of corn, of which nearly 60 percent went to Italy.

Australian Fertilizer Transport

The Australian Government has decided to modify its superphosphate transport subsidy scheme to include payment on the phosphate content in compound fertilizers. The transport subsidy scheme was originally designed to encourage farmers in the Northern Territory to raise legume pastures in the higher rainfall areas.

The scheme was first introduced in 1966; since then the farming situation in the Northern Territory has changed. Many farmers in higher rainfall areas are raising crops instead of legume pastures, and those still concentrating on pasture are turning to introduced grasses. Both crops and grasses require more complex fertilizers than straight superphosphate, and compound fertilizers are being increasingly used. But no subsidy was paid in the past on compound fertilizers containing phosphate, so farmers often bought fertilizer ingredients separately to qualify for the subsidy on the superphosphate. They mixed the fertilizer ingredients on their own property.

The new arrangement, a subsidy on the phosphate content of fertilizers, will eliminate the need for farmers to mix their own fertilizer if they need to use compound fertilizers. The present level of transport subsidy is approximately US$9 per ton for 22 percent superphosphate when shipped in bulk and about $13.50 per long ton when shipped in bags.

Mexicans Get CCC-Financed Cattle

A credit approval has been issued for the first export shipment of U.S. breeding cattle to be financed under the Export Credit Sales Program of USDA's Commodity Credit Corporation. The cattle are going to Mexico from Texas. This approval covers 402 head of Holstein dairy cattle valued at $182,000. Only the progeny of well-established, nationally recognized breeds of beef and dairy cattle are eligible for loans.

The opening of the CCC Export Credit Sales Program to beef cattle (which was first announced on Dec. 13, 1967) and to dairy cattle (first announced on Apr. 17, 1968) means that U.S. exporters may extend credit to foreign purchasers of cattle for as much as 3 years, at the going CCC interest rates. This, it is hoped, will provide foreign buyers of U.S. breeding cattle a credit period long enough to enable the cattle they purchase to get into the production of offspring during the lifetime of the loan. The export financing limits established in the regulations permit the financing of high-quality commercial animals that will make significant contributions to the livestock expansion programs of importing countries. This is a key objective of the program.

A number of countries in South and Central America and several in Europe and Asia have given evidence of interest in buying U.S. breeding cattle under CCC credit. One of the prime considerations in the inclusion of beef and dairy breeding cattle under this program was to meet competition in these and other markets from other cattle-exporting countries, which have been offering livestock credit loans on rather liberal terms, both as to length of payment period and as to interest rates.

FAS believes a substantial number of sales may be made under the program, once its availability becomes widely known among the livestockmen of this country and other countries. Such sales would not only return income to the U.S. cattle industry but also contribute to the U.S. balance of payments.

Briefly, procedures for getting CCC credit under the program can be outlined as follows. The buyer and seller must get together through regular commercial channels. Then they must tentatively agree on the dollar amount of cattle to be purchased and which bank is to issue the irrevocable standby-type commercial letter of credit that is a prerequisite for CCC financing. (This may be either a U.S. bank or a foreign bank approved by CCC. For a foreign bank, a minimum of 10 percent of the letter of credit must be confirmed by a U.S. bank for commercial risks.)

The exporter will need the program regulations (GSM-4, as amended) which tell him how to file an application. He may request a copy from the office of the General Sales Manager, FAS, U.S. Department of Agriculture, either by telephone (DUdley 8-6225) or by mail (Washington, D.C. 20250). Once he has the information GSM-4 calls for, he can then file his application for approval. It is important to note that responsibility for submitting the application must always rest with the exporter, and that he needs to have this approval before he completes the sales contract or makes any shipments of cattle.

The program regulations define eligible animals for the purposes of this program. These include USDA-approved beef breeds of Angus, Hereford, Polled Hereford, Charolais, Santa Gertrudis, Shorthorn, and Polled Shorthorn; approved dairy breeds are Ayrshire, Brown Swiss, Guernsey, Holstein, and Jersey. Eligible animals may be either officially registered with the appropriate national breed association (and so certified by an agent of USDA's Consumer and Marketing Service) or nonregistered (whether or not purebred). If nonregistered, they must be certified by C&MS as predominantly of the color characteristics and body conformation that distinguish the breed specified in the sales contract.

A credit program for as long as 36 months may be approved if one or more of the following results can be achieved by it: (1) Permit U.S. exporters to meet credit terms offered by competitors from other Free World countries; (2) prevent a loss or decline in established U.S. commercial export sales because of noncommercial factors; (3) permit U.S. exporters to establish or retain U.S. markets in the face of penetration by Communist suppliers; (4) substitute commercial dollar sales for local currency sales and sales on long-term credits; (5) result in a new use of the imported item in the importing country; (6) permit expanded consumption of the item in that country, thus increasing total commercial sales of agricultural commodities there by the United States and other exporting countries. In addition to these justifications, the longer period may be justified for beef or dairy breeding cattle when it will result in use by the importer (or by purchasers from him) of the animals within his country under conditions that will promote expanded demand for more U.S. breeding animals or feedstuffs.

To be sure that only high-quality cattle are included, there are requirements on age, health, minimum weight, minimum body conformation, and performance of the cattle being exported. The various inspections required are performed by USDA's Consumer and Marketing Service and Agricultural Research Service through their field offices, the exporter being responsible for the arrangements.

FAS and Grape Group

A newcomer to the list of groups cooperating with FAS in market development projects is the Concord Grape Council. Under a one-year contract signed September 4, FAS and the Council will work to find new markets and expand previous ones for U.S. Concord grape products in the United Kingdom, the Netherlands, Norway, Sweden, Denmark, Ireland, and other countries they may agree on.

The distinctive flavor of the Concord grape suits it ideally for the production of jams, jellies, juices, and soft drinks, as American consumers already well know. In its first activity as an FAS cooperator, the Council is sending a team to Western Europe, to study potential markets for these items there.

Turkey Rolls Roll On

The Rotterdam office of the Institute of American Poultry Industries has reported how one inquiry from Beirut, Lebanon, snowballed into 3,240 pounds of U.S. turkey roll business.

In mid-July, IAPI's Frankfurt office forwarded to Rotterdam a letter from a hotel in Beirut, Lebanon, showing interest in a small quantity of U.S. poultry. After a Rotterdam importer had filled a sample order for 10 turkey rolls from transit stocks, three other orders followed, each one bigger; and by the end of September they had added up to 360 rolls (each about 9 lb. of meat—two-thirds of them all white, the other third mixed). The latest order reported—for 240 rolls—was twice as big as the first three put together.

U.S. Food Industry Woos Europe's Tastes at Paris

The American food industry got off to a good start in its bid for increased European sales at France's renowned Salon International de l'Alimentation (SIAL). So said reports received early in the run of that Paris show, which began October 27 and ended November 4.

SIAL, held every 2 years, attracts large numbers of food buyers from all over Europe. But the main thrust of this year's promotion effort by the United States—its third participation—was toward the individual consumer in France and other Western European countries. The U.S. exhibit featured rice, citrus juices, beef, navy beans, honey, fresh fruits and vegetables shipped in by air, fishery products, and a wide variety of processed foods. Most of the items are already being handled by agents in France and elsewhere in Europe; but the SIAL exhibit offered consumers the personal opportunity to see and try them, which can eventually lead to increased buying.

Single-strength Florida orange juice was reported flowing fast at the Paris show—matching the fact that it has become a leading U.S. sales item in France during recent years. U.S. exports of this product to France rose from virtually nothing (4,808 gal.) in 1959-60 to 1.4 million gallons in 1967-68.

Another product getting favorable exposure from SIAL was rice, in toothsome recipes prepared in the U.S. demonstration kitchen. U.S. rice exports to France climbed from 229 tons in 1959-60 to 24,904 in 1967-68.

Corn-fed beef, American style, was enthusiastically received by French consumers who sampled it, not only at the exhibit but in the dining room of an American-owned hotel in Paris. There, lovers of U.S. steak were waiting in line for their favorite meat. However, U.S. *biftek* will not become an everyday item in the French diet as long as the European Economic Community maintains its high duties on U.S. beef shipments—duties that cause the meat to cost French consumers almost double what it does Americans. Still, France remains a leading buyer of variety meats like beef and pork livers, beef tongues, and sweetbreads, taking $17.9 million worth in 1967-68.

Also arousing much attention from consumers and food trade alike were the field-fresh vegetables and fruits—iceberg lettuce, artichokes, cherry tomatoes, asparagus, celery, grapes, and others—flown to the exhibit on a daily schedule by Seaboard Airlines. Seaboard had just recently performed a similar service for U.S. exhibits at Stockholm and Munich.

There are no French quotas on honey from the United States, and prices compare favorably with those of European honey despite a 30-percent ad valorem duty and other charges. So American honey stands a good chance in the French market; and its many varieties aroused much interested comment at SIAL. Well-received too were Michigan beans, dry peas, and lentils, in the many different kinds of dishes prepared by the demonstration kitchen. Popcorn, as at other recent U.S. shows was a good ambassador for the American way of having fun.

France last fiscal year was a market for about $145 million worth of U.S. farm products, including both foods and nonfood items such as cotton and feedgrains. The objective of the U.S. exhibit at SIAL was to expand the food share of this total, through the cooperative effort of the U.S. food trade and USDA's FAS.

Middle East's Buyers Meet U.S. Foods at Beirut

The first U.S. food products exhibit staged by USDA in Beirut, Lebanon (Oct. 14-18), is paying off in dollars and cents—both present and future. Tradesmen, not only from Lebanon but from Kuwait, Dubai, Qatar, Saudi Arabia, and other Arab countries, showed keen interest in purchasing the foods they saw and also in obtaining dealerships or joint-venture arrangements with U.S. firms.

The exhibit was held in the Phoenicia Hotel—named for the group of seaboard cities that developed a vast Mediterranean commercial empire between 1200 and 800 B.C. Only Beirut has survived to become a modern harbor city. Now a free port, it serves as a major gateway for expanded trade between east and west, with up-to-date facilities handling over 2 million tons of food and other merchandise a year—much of it in transit through Lebanon to other Arab countries. In Lebanon, as elsewhere in the Arab world, agriculture's physical limitations hold down farm production; a wide range of products must be imported; an expanding economy is spurring demand.

Visitors had strongest interest in rice, poultry (turkeys in Lebanon, chickens elsewhere), and canned foods. Right, Anthony Swartz (representing GMA) quotes processed-food prices to important customer from Qatar; below right, Si Grider (National Rice Council) talks up U.S. rice with Saudi Arabian sheikh, who bought in quantity; below left, buyer from Aden views frozen poultry.

CROPS AND MARKETS SHORTS

U.S. Meat Imports Subject to Quota Up

U.S. meat imports subject to quota restrictions in September 1968 totaled 115.5 million pounds. This level was 29 percent greater than for the same period a year earlier, when imports totaled 89.7 million pounds. Imports during the first 9 months of 1968 totaled 767.5 million pounds compared to 648.3 million for the first 9 months of 1967, an 18-percent increase from those of a year earlier.

U.S. IMPORTS OF MEAT SUBJECT TO MEAT IMPORT LAW (P.L. 88-482)

Imports	September	Jan.-Sept.
	Million	*Million*
1968:	*pounds*	*pounds*
Subject to Meat Import Law [1]	115.5	767.5
Total beef and veal [2]	130.2	847.9
Total red meat [3]	169.2	1,178.5
1967:		
Subject to Meat Import Law [1]	89.7	648.3
Total beef and veal [2]	102.7	710.9
Total red meat [3]	132.0	1,002.3
1966:		
Subject to Meat Import Law [1]	91.5	616.6
Total beef and veal [2]	100.6	656.3
Total red meat [3]	129.3	960.0

[1] Fresh, chilled, and frozen beef, veal, mutton, and goat meat. [2] All forms, including canned and preserved. [3] Total beef, veal, pork, lamb, mutton, and goat.

Canada Sells Cattle to South Korea

South Korea has purchased 788 bred Holstein-Friesian heifers from Canada at an average price of $458 per head for a total value of $358,000.

The purchase was financed through an external aid agreement between Canada and South Korea signed September 15, 1967, whereby Canada loaned South Korea $926,000 to be used for the purchase of Canadian goods. The cattle and $24,000 worth of grass seed were purchased with part of this credit.

The loan carries an annual interest rate of 3 percent payable every 6 months beginning at the time when the credit is used. Repayment of the principal is to begin in 7 years and to continue for 25 years thereafter.

U.S. Tobacco Imports Continue To Lag

Following an alltime high in 1967, U.S. tobacco imports have turned down in 1968. After hitting a 1968 low in August, U.S. tobacco imports (arrivals) of unmanufactured tobacco continued to lag in September, with 6.2 million pounds valued at $3.0 million. However, even though the quantity in September was about one-third less than in the same month of 1967, the value for the month increased about one-fourth.

Through September, total arrivals in 1968 were slightly less than those of 1967, and total value was down about 7 percent. The composition of general imports in 1968 is also changed. Arrivals of cigarette leaf, mostly Oriental, are down about 15 percent. However, significant increases in flue and burley cigarette leaf, cigar filler, and scrap have practically offset this decline.

U.S. GENERAL IMPORTS OF UNMANUFACTURED TOBACCO

Item	1967		1968	
	Quantity	Value	Quantity	Value
January-September:	*1,000*	*1,000*	*1,000*	*1,000*
Cigarette leaf	*pounds*	*dollars*	*pounds*	*dollars*
(flue & burley)	625	192	7,572	2,241
Cigarette leaf, other	161,036	109,747	136,361	92,261
Cigar wrapper	246	1,107	322	1,297
Mixed filler & wrapper	419	873	321	1,332
Cigar filler, unstemmed	16,551	5,858	26,559	8,323
Cigar filler, stemmed	1,791	2,014	2,413	3,002
Scrap	18,286	3,241	23,584	6,118
Total [1]	198,954	123,032	197,132	114,574
September:				
Cigarette leaf				
(flue & burley)	0	0	199	32
Cigarette leaf, other	429	182	371	256
Cigar wrapper	52	198	5	24
Mixed filler & wrapper	31	78	207	743
Cigar filler, unstemmed	2,369	1,089	3,200	963
Cigar filler, stemmed	121	141	179	193
Scrap	6,207	748	2,079	794
Total [1]	9,209	2,436	6,240	3,005

[1] Excludes stems.

Ecuador's Cotton Production Increases

The 1968-69 cotton crop in Ecuador is estimated at 25,000 bales (480 lb. net), compared with the drought-reduced crop of 20,000 bales last season and a record high of 29,000 bales in 1964-65. Approximately 80 percent of this season's crop is of the Coker variety, while the remainder is Criollo, a variety of tree cotton. The harvesting of the Coker crop ended in September, while the picking of the Criollo cotton began in September and is likely to be prolonged until January. In an effort to reduce import needs and to become self-sufficient, the Government of Ecuador is encouraging and contributing to the expansion of cotton production by conducting research on disease control and by supplying technical assistance to the growers.

Cotton consumption by Ecuador's textile industry has increased steadily during the past decade. Consumption of raw cotton in 1967-68 amounted to around 33,000 bales, compared with an offtake of 15,000 bales 10 years earlier. The capacity of the textile industry is estimated to be near 150,000 spindles and 4,000 looms. Consumption during the current season is expected to increase.

Imports of raw cotton by the textile mills are regulated by quota. Imports under the quota system during 1967-68 totaled approximately 11,000 bales of principally long-staple cotton from Peru and medium-staple cotton from Colombia. This compares with imports of about 9,000 bales in 1966-67. Imports of manmade fibers from the United States, Japan, Germany, and England are also regulated by quota. The

textile industry has indicated that considerable increases have been made in the use of manmade fibers increasing the competition for cotton in the industry.

U.S. Cotton Exports Higher in September

Raw cotton exports from the United States in September totaled 262,000 running bales, compared with 213,000 in August and 277,000 in September of 1967. Shipments in the first 2 months (August-September) of the current season amounted to 475,000 bales, down about 9 percent from the 521,000 shipped during the same period a year ago.

Exports to Europe were down 45 percent from the same months of last year, while exports to Hong Kong and the Philippines were more than double the volume shipped in the first 2 months of 1967-68.

U.S. COTTON EXPORTS BY DESTINATION
[Running bales]

Destination	Year beginning August 1				
	Average			Aug.-Sept.	
	1960-64	1966	1967	1967	1968
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	23	4	1	(1)	0
Belgium-Luxembourg	121	52	45	7	4
Denmark	14	8	10	2	1
Finland	17	15	11	1	0
France	319	163	148	16	17
Germany, West	269	159	100	18	6
Italy	345	263	253	33	17
Netherlands	110	31	36	2	2
Norway	13	10	7	1	2
Poland & Danzig	125	78	77	20	9
Portugal	21	1	8	(1)	1
Spain	74	1	7	(1)	1
Sweden	81	71	75	15	9
Switzerland	74	79	60	14	7
United Kingdom	244	153	125	18	7
Yugoslavia	112	139	64	4	0
Other Europe	17	11	25	3	2
Total Europe	1,979	1,238	1,052	154	85
Australia	61	17	17	5	0
Bolivia	7	9	0	0	0
Canada	353	297	142	34	12
Chile	18	3	1	(1)	(1)
Colombia	3	1	0	0	0
Congo (Kinshasa)	6	34	13	(1)	0
Ethiopia	9	9	22	3	1
Ghana	1	15	12	0	3
Hong Kong	148	183	299	27	59
India	314	289	342	30	5
Indonesia	40	161	70	0	0
Israel	15	2	4	1	1
Jamaica	4	5	1	(1)	0
Japan	1,192	1,293	1,103	139	116
Korea, Republic of	261	372	351	74	99
Morocco	12	14	35	2	(1)
Pakistan	14	3	18	0	0
Philippines	123	134	154	11	29
South Africa	41	38	23	2	1
Taiwan	209	373	378	26	34
Thailand	34	70	90	9	13
Tunisia	2	15	14	2	0
Uruguay	6	0	0	0	0
Venezuala	8	1	(1)	0	(1)
Vietnam, South	46	66	24	0	6
Other countries	18	27	41	2	11
Total	4,924	4,669	4,206	521	475

[1] Less than 500 bales.

French Cotton Consumption Down in 1967-68

Cotton consumption by the French textile industry in 1967-68 (August-July) amounted to around 1,100,000 bales (480 lb. net). This compares with 1,231,000 bales in 1966-67 and is the smallest cotton offtake in 20 years. Consumption in 1968-69 is expected to be higher than last season. Generally slow economic activity punctuated by the May-June crisis, rising textile imports, and strong competition from synthetic fibers account for the decrease in cotton consumption in 1967-68. Some marginal textile mills went out of business because of the higher wages which went into effect after the May-June strikes.

France imported around 1,150,000 bales of cotton in 1967-68, about 10 percent less than a year earlier. The United States was the leading supplier of cotton to France, accounting for 159,000 bales imported by that country in the first 11 months (August-June) of 1967-68. This compares with imports from the U.S. of 191,000 bales for the same period a year earlier and 199,000 for the full year of 1966-67. The Franc Zone African countries usually supply about one-fourth of France's raw cotton needs. Cotton imports from other major sources during August-June of 1967-68, with comparable 1966-67 figures in parentheses and in 1,000 bales, are: Turkey 86 (118), Brazil 82 (93), Mexico 60 (135), Pakistan 48 (17), Egypt 48 (56), Sudan 37 (38), Syria 36 (80), Iran 31 (31), and Greece 31 (23).

Larger Italian Canned Peach, Pear Packs

Large 1968 packs of Italian canned peaches and pears are reported. Production of canned peaches is estimated at 1.3 million cases (equivalent 24/2½'s), 49 percent above the short 1967 pack of 870,000 cases and 6 percent above the

ITALIAN SUPPLY AND DISTRIBUTION OF CANNED PEACHES

Item	1966-67	Preliminary 1967-68	Forecast 1968-69
	1,000 cases [1]	*1,000 cases* [1]	*1,000 cases* [1]
Beginning stocks (Aug. 1)	—	—	—
Production	1,004	870	1,300
Imports	20	20	20
Total supply	1,024	890	1,320
Exports	136	200	350
Domestic disappearance	888	690	970
Ending stocks (July 31)	—	—	—
Total distribution	1,024	890	1,320

[1] Cases of 24 size 2½ cans.

ITALIAN SUPPLY AND DISTRIBUTION OF CANNED PEARS

Item	Preliminary 1967-68	Forecast 1968-69
	1,000 cases [1]	*1,000 cases* [1]
Beginning stocks (Aug. 1)	—	—
Production	1,400	1,700
Imports	—	—
Total supply	1,400	1,700
Exports	1,310	1,550
Domestic disappearance	90	100
Ending stocks (July 31)	—	50
Total distribution	1,400	1,700

[1] Cases of 24 size 2½ cans.

1962-66 average. Canned pear production is estimated at 1.7 million cases, 21 percent above that of 1967 and the largest pack in recent years.

Forecasts indicate record 1968-69 season exports of canned peaches and pears. Exports of canned peaches during 1967-68 are estimated at 200,000 cases, 47 percent above 1966-67. Canned pear exports are estimated at 1.31 million cases during the 1967-68 season. West Germany and the United Kingdom are the largest export markets for Italian peaches.

Hamburg Prices of Canned Fruits, Juices

The following importers' selling prices include both duty and sugar levy, but exclude value-added taxes which became effective January 1, 1968. The October 1967 prices include the now expired turnover tax. Sales are in lots of 50 to 100 cases.

Type and quality	Size of can	Price per dozen units Oct. 1967	July 1968	Oct. 1968	Origin
CANNED FRUIT		*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	
Apricots, halves:					
Choice	10	12.60	11.10	9.90	Spain
Not specified	2½	—	3.33	2.88	Greece
Do	2½	—	2.88	2.67	Bulgaria
Peaches, halves:					
Choice, light sirup	2½	4.14	—	3.81	U.S.
Do	2½	—	3.60	3.57	South Africa
Standard, light sirup	2½	—	—	3.48	Australia
Not specified	2½	3.72	3.30	2.88	Greece
Do	10	14.70	12.75	12.75	Italy
Pears:					
Heavy sirup	2½	4.59	3.99	3.96	Italy
Not specified	2½	—	—	3.45	Netherlands
Fruit cocktail:					
Heavy sirup	2½	5.94	5.55	5.70	U.S.
Standard, light sirup	2½	—	4.71	4.77	Australia
Pineapple:					
Whole slices:					
Fancy	2½	5.16	5.16	5.25	U.S.
Choice	2½	—	3.80	3.80	U.S.
Do	2½	—	3.82	3.74	Philippines
Not specified	2½	3.63	3.36	3.33	Taiwan
Pieces and halves:					
Choice	2½	—	3.12	3.03	South Africa
Not specified	2½	2.91	2.82	2.85	Taiwan
Do	2½	—	2.79	2.49	Thailand
Crushed:					
Fancy	10	14.46	13.71	14.10	U.S.
Do	10	12.06	11.25	11.70	Philippines
Choice	10	—	—	12.00	South Africa
Not specified	2½	—	2.58	2.67	China
CANNED JUICES					
Grapefruit, unsweetened[1]	1 qt.	4.14	4.56	4.40	U.S.
Do	43 oz.	4.05	3.39	4.20	Israel
Orange, unsweetened[1]	1 qt.	4.08	4.26	4.10	U.S.
Do[1]	1 ltr.	—	—	3.75	Israel
Do	43 oz.	3.57	3.36	3.39	Greece
Do	43 oz.	—	—	2.88	Italy

[1] Packed in glass bottles.

Japan's Canned Deciduous Pack Up Again

Japan reports the third consecutive record pack of canned deciduous fruit. The 1968 pack is estimated at 6,212,000 cases (equivalent 24/2½ size), 4 percent above last season. Growing conditions have been relatively favorable, and all packs except apples and grapes are larger than in 1967.

Canned deciduous fruit represents a small but growing segment of the Japanese fruit industry. Canned peaches, apples, pears, and cherries comprise the bulk of the pack. Canned peaches, apples, and pears are the principal export items.

The second largest pack of canned peaches is reported. Production is estimated at 3,520,000 cases, 14 percent above that of 1967 and 18 percent above the 1962-66 average. A favorable 1968 growing season is reported and carryover stocks from the 1967-68 season are relatively low.

Japanese canners report the first downturn in canned apple production since 1962. Heavy 1967-68 season carryover stocks have contributed to a 1968 pack of 1,440,000 cases,

JAPANESE SUPPLY AND DISTRIBUTION OF CANNED PEACHES

Item	Average 1962-66	1966	Revised 1967	Forecast 1968
	1,000 cases[1]	*1,000 cases*[1]	*1,000 cases*[1]	*1,000 cases*[1]
Beginning stocks (Aug. 1)	260	107	694	160
Production	2,971	3,743	3,096	3,520
Imports	47	96	27	100
Total supply	3,278	3,946	3,817	3,780
Exports	133	91	96	90
Domestic disappearance	2,768	3,161	3,561	3,590
Ending stocks (July 31)	377	694	160	100
Total distribution	3,278	3,946	3,817	3,780

[1] Cases of 24 size 2½ cans.

JAPANESE SUPPLY AND DISTRIBUTION OF CANNED PEARS

Item	Average 1962-66	1966	Revised 1967	Forecast 1968
	1,000 cases[1]	*1,000 cases*[1]	*1,000 cases*[1]	*1,000 cases*[1]
Beginning stocks (Aug. 1)	69	22	53	27
Production	355	433	343	429
Imports	3	2	1	2
Total supply	427	457	397	458
Exports	49	32	37	37
Domestic disappearance	303	372	333	394
Ending stocks (July 31)	75	53	27	27
Total distribution	427	457	397	458

[1] Cases of 24 size 2½ cans.

JAPAN'S OUTPUT OF CANNED DECIDUOUS FRUIT

Item	1966	Revised 1967	Estimated 1968
	1,000 cases[1]	*1,000 cases*[1]	*1,000 cases*[1]
Peaches:			
White	3,015	2,382	2,720
Yellow	728	714	800
Total	3,743	3,096	3,520
Pears:			
Bartlett	386	301	384
Japanese type	47	42	45
Total	433	343	429
Apples	907	1,709	1,440
Cherries	351	386	416
Mixed fruit	255	274	279
Grapes	52	92	75
Apricots	51	49	53
Grand total	5,792	5,949	6,212

[1] Cases of 24 size 2½ cans.

16 percent below 1967 but twice the 1962-66 average. Rapid increases in the production of canned apple products during recent years are reportedly the result of an expanding institutional market for boiled and solid pack apples and a growing export market for apple products.

Exports of canned apple products reached a record 210,500 cases during calendar 1967, 53,200 more than the 1966 total of 157,300. Current data indicates calendar 1968 exports will exceed 1967. Canned peach exports are estimated at 96,000 cases during 1967-68, 5 percent above 1966-67 but 28 percent below the 1962-66 average. The United Kingdom is the principal market for Japanese canned apple products and canned peaches.

Malaysia To Open a New Sugar Factory

Malaysia proposes to establish a new sugar factory and plantation in the State of Perak. The enterprise, to be known as the Gula Perak Berhad, will be a joint venture between the Perak State Government, Sharikat Permodalan Perak, the Perak State Development Corporation, and the Dinding Sugar Berhad. The proposed plant, which has already received 25,000 acres of land from the Perak State Government, is expected to make Malaysia self-sufficient in sugar in 5 to 6 years.

Full-scale planting of sugarcane will begin by the end of the year. Actual refining of sugar by the proposed factory is scheduled for June 1970. Negotiations for the purchase of equipment for the factory have started with two Japanese manufacturing firms.

Increase Forecast for Italy's Honey Crop

Despite persistent rains during the summer and other unusual climatic conditions, a 10-percent increase is expected for the 1968 output of honey in Italy. Production will amount to about 7,150 metric tons, very near the 1966 level. The 1967 crop was estimated at about 6,500 metric tons, with beeswax production amounting to 600 metric tons. The combination of this limited supply and strong demand caused wax prices to increase from $1.12 to $1.60 per kilogram, or from 50.9 cents per pound to 72.6 cents.

This year the government gave special grants to assist the honey producers in their voluntary pooling activities. In 1967, pooling partially eased the market pressure by regulating the amounts available at any one time. To offset the probability of even higher prices, imports were encouraged, and in 1967 they increased by 12 percent to 1,541 metric tons, compared with 1,376 in 1966.

Indian Molasses Exports Decrease Sharply

During the first half of 1968 India exported only 734 metric tons of molasses. Annual average exports in 1966 and 1967 amounted to 83,000 tons, mostly to Japan and the United Kingdom. Supplies are being conserved for the local alcohol industry, whose needs are increasing.

Vietnam Sugar Mill Project Resumed

Installation of the machinery and equipment at the Quang Ngai sugar mill in South Vietnam has resumed for the first time since the Tet offensive. The mill is being built with Japanese-made equipment. This sugar mill will be capable of producing 120 metric tons of sugar per day, requiring a daily sugarcane supply of about 1,500 metric tons. South Vietnam has had to depend on imports for all of its sugar consumption this past year. Total consumption now amounts to about 90,000 short tons per year.

Burundi Coffee Exports Reach Quota

Burundi sold and exported its entire 1967-68 coffee quota of 19,350 tons (322,467 bags of 60 kilograms) under the International Coffee Agreement. Over 96 percent of the total exported was sold to U.S. buyers. Carryover of coffee to the 1968-69 quota year (October-September) was about 1,500 tons (25,000 bags).

Coffee sales were slow in Burundi from June through August this year. In order to dispose of coffee accumulating in storage in Bujumbura and Dar-es-Salaam, the Bank Republique de Burundi early in September abandoned the fixed price policy. It is estimated that foreign exchange obtained from coffee amounted to US$13 million in calendar year 1967 and US$15 million for the coffee year 1967-68. The projection for foreign exchange earnings in the coffee year 1968-69 is US$13 million-15 million.

U.S. and U.K. Cocoa Bean Grinds Decline

U.S. grindings of cocoa beans during the third quarter of 1968 totaled 151.3 million pounds, down 1.8 percent from the corresponding 1967 figure of 154.0 million pounds. Grindings during the first 9 months of this year totaled 478.2 million pounds, a gain of 1.1 percent over the 472.8 million ground in the similar 1967 period.

Third-quarter cocoa bean grind in the United Kingdom totaled 19,600 long tons, down 3 percent from the July-September 1967 period. Total grind for the first 9 months of 1968 was 68,200 tons, against 71,400 in the comparable 1967 period.

Argentine Sunflower Area Down 4 Percent

Argentina's 1968-69 sunflower area is estimated by trade sources at 2,842,000 acres, compared with the final official estimate for 1967-68 of 2,950,374 acres. As of the end of October, seeding was well under way in the North and beginning in Buenos Aires Province. Soil conditions reportedly were generally excellent.

Sunflowerseed production in 1967-68 was estimated officially at 940,000 metric tons. Some trade sources, however, believe that production was 100,000 to 150,000 tons less than this estimate.

Argentine Flaxseed Acreage Up Sharply

The second official estimate of Argentina's 1968-69 flaxseed area is 2,125,000 acres, 17 percent above the first estimate and 21 percent above seedings in 1967-68. Should the yield per seeded acre approximate the average of the last 5 years, production would be 19-20 million bushels compared with 15.3 million last year. Crop conditions reportedly have improved, and some optimistic estimates are for a crop of

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23 million to 24 million bushels. The first estimate of production probably will not be released until early in December.

Weekly Report on Rotterdam Grain Prices

Between October 22 and October 30, 1968, changes in offer prices were mixed in Rotterdam. U.S. Soft Red Winter and Argentine wheat prices decreased 2 cents and U.S. Hard Winter increased 2 cents. The price for U.S. Spring increased by 1 cent.

Canadian Manitoba and USSR 121 remained unchanged. A listing of the prices follows.

Item	Oct. 30	Oct. 22	A year ago
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.04	2.04	2.09
USSR 121	1.95	1.95	(1)
U.S. No. 2 Dark Northern Spring, 14 percent	1.95	1.94	1.96
U.S. No. 2 Hard Winter, 14 percent	1.96	1.94	1.93
Argentine	1.73	1.75	(1)
U.S. No. 2 Soft Red Winter	1.71	1.73	1.77
Corn:			
U.S. No. 3 Yellow	1.26	1.22	1.35
Argentine Plate	1.38	1.35	1.81
South African White	(1)	(1)	1.50

[1] Not quoted.
All quotes c.i.f. Rotterdam for 30- to 60-day delivery.

U.S. corn increased by 4 cents and Argentine corn by 3 cents. The offer for South African corn was not quoted.

Crops and Markets Index

Cotton
13 French Cotton Consumption Down in 1967-68
13 U.S. Cotton Exports Higher in September
12 Ecuador's Cotton Production Increases
Fats, Oilseeds, and Oils
15 Argentine Sunflower Area Down 4 Percent
15 Argentine Flaxseed Acreage Up Sharply
Fruits, Nuts, and Vegetables
14 Japan's Canned Deciduous Pack Up Again
14 Hamburg Prices of Canned Fruit, Juices
13 Larger Italian Canned Peach, Pear Packs
Grains, Feeds, Pulses, and Seeds
16 Weekly Report on Rotterdam Grain Prices
Livestock and Meat Products
12 U.S. Meat Imports Subject to Quota Up
12 Canada Sells Cattle to South Korea
Sugar and Tropical Products
15 Malaysia To Open a New Sugar Factory
15 Indian Molasses Exports Decrease Sharply
15 Vietnam Sugar Mill Project Resumed
15 Burundi Coffee Exports Reach Quota
15 Increase Forecast for Italy's Honey Crop
15 U.S. and U.K. Cocoa Bean Grinds Decline
Tobacco
12 U.S. Tobacco Imports Continue To Lag

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